



PAT QUINN
Governor
MICHAEL T. McRAITH
Director

Illinois Department of Insurance

NEWS

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CONTACT:

Anjali Julka (312) 814-0093
Louis Pukelis (312) 814-0778

Illinois Department of Insurance Highlights Medicare Changes in National Health Reform

Health reform law will provide immediate benefits to seniors in Illinois

CHICAGO—April 5, 2010. The Illinois Department of Insurance today released the latest in a series of fact sheets informing Illinoisans about the recently enacted national health reform law, the Patient Protection and Affordable Care Act ("the Act"). In addition to reforming the State's private insurance market, the Act will provide enhanced benefits for Illinois seniors covered by Medicare.

"Medicare enrollees, many of whom are satisfied with the coverage they currently have, may be concerned about the impacts of health reform," said Director Michael T. McRaith. "It is important for the seniors in our State to understand that, contrary to the speculation and mythology surrounding the national debate on health reform, the Act will actually improve Medicare coverage for current and future enrollees."

The Act will reduce out-of-pocket costs for Medicare enrollees this year, and will provide additional benefits to strengthen Medicare coverage in future years. Through its staff and a network of approximately 900 trained volunteers in more than 150 sites throughout the State, the Department's Senior Health Insurance Program (SHIP) will continue to assist Illinoisans with questions or problems related to Medicare, Medicare supplemental insurance, long-term care insurance, and prescription drug coverage.

Closing the Medicare Part D "Doughnut Hole"

- Currently under Medicare Part D, Medicare pays 75% of the costs for covered prescription drugs up to an initial coverage limit (\$2,830 for the 2010 plan year), and 95% of the costs for prescription drugs above a catastrophic coverage level (\$6,440 for the 2010 plan year). The gap between the initial coverage limit and the catastrophic coverage level is known as the "doughnut hole."
 - Medicare enrollees must pay 100% of the costs for prescription drugs in the "doughnut hole."
- Beginning in 2010, Medicare Part D enrollees who hit the "doughnut hole" will be eligible for a \$250 rebate.
- Beginning January 1, 2011, Medicare Part D enrollees will be eligible for a 50% discount on brand-name prescription drugs in the "doughnut hole."
- The Act will eliminate the "doughnut hole" coverage gap, for both brand-name and generic prescription drugs, by 2020.

Free Preventive Services for Medicare Enrollees

- Beginning January 1, 2011, the Act provides coverage under Medicare, with no co-payment or deductible, for an annual wellness visit and personalized prevention planning, in which Medicare enrollees and their doctors can establish a schedule of recommended screenings and identify appropriate treatment options, preventive services, and other wellness resources.
- Beginning January 1, 2011, the Act requires Medicare to cover 100% of the costs for screening and preventive services recommended by the United States Preventive Services Task Force.

Better Value for Medicare Advantage Plans

- The vast majority of Illinois seniors receive coverage through a traditional Medicare plan (Part A or Part B). For those that receive coverage through a Medicare Advantage plan offered by an insurance company, the Act will ensure better value for every premium dollar.
- According to estimates from the independent Medicare Payment Advisory Council, in 2009 Medicare paid insurance companies offering Medicare Advantage plans an average of 14% more per enrollee than Medicare would have paid under traditional programs.
- The Act begins to reduce overpayments to insurance companies, and provides incentives for Medicare Advantage plans to meet certain quality benchmarks.
- Beginning in 2014, the Act requires Medicare Advantage plans—the plans offered by insurance companies—to spend at least 85% of premium dollars paid by seniors on health care.

For more information about the Senior Health Insurance Program, including information about SHIP volunteers in your area, please visit the SHIP Web site at <http://insurance.illinois.gov/SHIP> or call the SHIP toll-free hotline at (800) 548-9034.

More Information

The Department's mission is to protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace. The Department assists consumers with all insurance complaints, including health, auto, life, and homeowners. Consumers in need of information or assistance should visit the Department's Web site at <http://insurance.illinois.gov> or call our toll-free hotline at (866) 445-5364.

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